

City of Detroit


CITY COUNCIL

IRVIN CORLEY, JR.
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(313) 224-1078

TO: Edmond Wertz, President
Retired Detroit Police & Firefighters Association, Inc.

FROM: Irvin Corley, Jr., Fiscal Analysis Director 

DATE: April 25, 2006

RE: 2006-2007 Budget Analysis

Attached is our budget analysis regarding your association's requests for the upcoming 2006-2007 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing. We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

IC:cyb

Attachment

cc: Councilmembers
Council Divisions
Auditor General's Office
Pamela Scales, Budget Director
Roger Short, Interim Chief Financial Officer
Renee Short, Budget Manager
Charles Master, Retired Detroit Police & Firefighters Association
Walter Stampor, Retirement Plan Supervisor
Kandia Milton, Mayor's Office

Retired Detroit Police and Firefighters Association, Inc.

FY 2006-2007 Budget Analysis by the Fiscal Analysis Division

Police and Fire Retirees' 2006-2007 Proposals and Costs

The following proposals were presented to City Council Members in a letter sent in early March from the Police and Fire Retiree Association:

1. A proposal to pay dental and optical benefits for all option one widows whose husbands retired prior to 1987
2. The placement of a member of the Retired Detroit Police and Firefighters Association on the Police and Fire Pension Board as included in the Charter Revisions of 1997.
3. A proposal that allows all uniformed retirees and their beneficiaries the option of selecting any healthcare program and dental and optical plan offered by the City of Detroit, including BC/BS Comprehensive Master Medical plan.

Dental and Optical Coverage for pre-1987 option one widows

The retiree association has in the past petitioned Council and Council approved providing pensions and healthcare for widows whose husbands chose a straight life pension, which left their spouse with no pension or benefits.

The retiree association has determined that the annual cost for dental and optical would be \$50,000.

The administration needs to respond as to whether these costs are correct.

Retiree on the Pension Board

While the retiree association annually brings this request before Council, this charter amendment has to be resolved through the labor negotiations.

Selection of Healthcare Programs

The administration needs to explain their policy on this issue. We believe that the retirees were offered the Blue Cross PPO, which has been part of the benefit plan for only a few years.

The current report from Mercer indicates that multiple providers for the same benefits increase the employer's costs. The trend is to limit providers.

IC:AML

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GREGORY TROZAK

Honorable Kenneth Cockrel
President, Detroit City Council
Coleman A. Young Municipal Center
2 Woodward Avenue
Detroit, Michigan 48226

March 14, 2006

Re: Budget request for fiscal year 2006 - 2007.

Dear Councilmember:

Our Association represents all the retired members of the Detroit Police and Fire Department and we acknowledge the scheduled appearance by our representatives on April 26, 2006, at 3:00 P.M. with the City Council.

We are therefore submitting a list of items, in advance, for your consideration in this year's budget.

(a) Requesting paid dental and optical benefits for all option one widows whose husbands retired prior to July 1, 1987.

(b) As ordained by the people of the City of Detroit in the election of 1996 that a retired member shall be elected as a member of the Board of Trustees of the Detroit Police and Fire Retirement System.

(c) We request that BC/BS Comprehensive Master Medical plan be made available to all retired members now enrolled with Blue Cross/ Blue Shield and that all retired members and their beneficiaries of the Detroit Police and Fire Department shall have the option of selecting any health care, dental and optical plan offered by the City of Detroit.

Our Association is grateful for your past efforts on our behalf and your thoughtful consideration of these items would be greatly appreciated.

Yours truly,

Edmund Wertz
Edmund Wertz, President

Charles Master
Charles Master
Recording/Financial Secretary

Attachment:
cc: all City Councilmembers

Requesting paid dental and optical benefit coverage for all option one widows whose husbands retired prior to July 1, 1987.

(a) Based on a total of approximately 125 widows the cost would be as follows:

Dental: \$ 27.07 per month
\$324.84 per year

Cost for 125 persons \$40,605.00

Vision: \$ 5.76 per month
\$69.12 per year

Cost for 125 persons \$ 8,640.00

Total cost of dental and optical \$49,245.00

(b) The citizens of the City of Detroit in the election of 1997 voted to have a retired member be elected to the Board of Trustees of the Detroit Police and Fire Retirement System in the 1997 Charter, Article 11, Section 103-2 (H).

An ordinance was also approved by the City Council, Charter 47, Article 9 of the 1984 City code (see attachment). The ordinance and the vote of the people was never implemented or enforced. We believe this has been an oversight and should be corrected.

(c) We request that the BC/BS Comprehensive Master Medical plan (CMM) be made available to all retired members and their beneficiaries. They should also have the option to select any health care provider, dental and optical plan offered by the City of Detroit. We believe all retired members should be given the opportunity to choose any plan available regardless of rank at time of retirement.